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Via e Mail and First Class Mail

Lori Houck Cora
Assistant Regional Counsel
Office of Regional Counsel
U.S. Environmental Protection Agency
Region 10, ORC-158
1200 Sixth Avenue
Seattle, WA 98101

**Re: Portland Harbor Superfund Site
DIL Trust**

Dear Lori:

Throughout 2013, a subcommittee of the Portland Harbor Common Interest Group (PCI Group) engaged in discussions with DIL Trust regarding a potential cash out settlement with the PCI Group, which contemplated consideration from DIL Trust in the form of a portion of the cash held by DIL Trust, proceeds from certain insurance policies, and assignment of rights to pursue claims on behalf of DIL Trust against other policies. These discussions were very productive, and the subcommittee's efforts led, *inter alia*, to DIL Trust's identification of a number of additional policies and tender of claims by or on behalf of DIL Trust to those carriers.

In addition to certain protections from the members of the PCI Group, as consideration for payments of cash and insurance proceeds, and the potential assignment of rights to certain policies, DIL Trust also wanted a covenant not to sue and contribution protection from the United States. DIL Trust contemplated that such protection could be afforded by including an ability to pay settlement with the United States as part of the overall package. Because the PCI Group could not provide those protections, and DIL Trust was not likely to agree on an overall settlement package without them, the DIL Subcommittee of the PCI Group urged DIL Trust to approach the United States directly to gauge the government's interest in participating in such a comprehensive settlement.

It is our understanding that DIL Trust did reach out to the United States as the PCI Group suggested; and that since November 2013, DIL Trust has engaged in discussions and exchanged financial and insurance information with the United States. We further understand that based on those exchanges, the United States is willing to consider participating in a comprehensive settlement which would, *inter alia*, include certain protections from the United States in

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exchange for payment by DIL Trust of a portion of its remaining cash, payment of proceeds by certain carriers, and assignment of rights by the DIL Trust to pursue the proceeds of other insurance policies that may provide the Trust coverage for its potential liability at the Portland Harbor Superfund Site.

Having reached this milestone, it is now timely for the United States and DIL Trust to re-engage with the PCI Group and include the PCI Group's DIL Subcommittee in all future negotiations of a DIL Trust settlement. As we are sure you can appreciate, the PCI Group has a direct interest in assuring that all of the proceeds of any such settlement – cash and insurance proceeds -- are applied to future remedial costs to be incurred at the Site. The PCI Group members have an equally strong interest in assuring that all available potential insurance coverage for DIL Trust – much of which was identified as a result of the efforts of PCI Group members over the past year – is pursued, and that proceeds are collected and applied toward Site remedial efforts.

DIL Trust has advised us that it has no objection to the PCI Group's participation in such settlement negotiations. Accordingly, please include PCI Group's DIL Subcommittee in future DIL Trust settlement communications and meetings.

We look forward to working with all parties to achieve a mutually beneficial resolution of public and private claims arising from DIL Trust's potential CERCLA liability at the Portland Harbor Superfund Site.

Very truly,



Bruce White

PCI Group Allocation Coordinating Counsel

cc:(via e mail only)
Michael McNulty (DOJ)
Kirk Wilkinson (DIL Trust)
PCI Group DIL Trust Subcommittee members